

# CYFROWY POLSAT S.A.

Current Report no.: **31/2010**

Report date: **15 November 2010**

Subject: **Conclusion of a significant agreement by Cyfrowy Polsat**

The Management Board of Cyfrowy Polsat S.A. („**Company**”) hereby announces that on 15 November 2010 an investment agreement („**Agreement**”) was concluded between the Company and Zygmunt Solorz-Żak („**Seller I**”), Heronim Ruta („**Seller II**”), Karswell Limited („**Seller III**”) and Sensor Overseas Limited („**Seller IV**”) (jointly „**Sellers**”). The Agreement pertains to obligating the Sellers to sell to the Company the shares of Telewizja Polsat Spółka Akcyjna seated in Warsaw („**TV Polsat**”).

Pursuant to the Agreement the Company undertakes to buy and the Sellers undertake to sell jointly 2,369,467 shares of TV Polsat with the par value of PLN 100 each, constituting 100% of the share capital of the company and 100% votes at the shareholder meeting of TV Polsat („**Shares**”) for the total price of PLN 3,750,000,003.32 („**Price**”).

Seller I undertakes to sell 418,530 shares for the price of PLN 662,379,983.58 PLN, Seller II undertakes to sell 73,858 shares for the price of PLN 116,890,218.95, Seller III undertakes to sell 1,595,517 shares for the price of PLN 2,525,120,094.23, and Seller IV undertakes to sell 281,562 shares for the price of 445,609,706.56.

The title to the shares will be transferred after meeting the conditions specified below. The Agreement stipulates that 69.33 % of the Price for the Shares, i.e. PLN 2,600,000,000, will be paid in the form of transfer to the Sellers' accounts on the date of transfer of the title to the Shares and the remainder of the Price, i.e. PLN 1,150,000,003.32 through setting off the Company's receivables on account of payment for the shares taken up by the Sellers in pursuance of the rights under subscription warrants to be issued by the Company pursuant to the Company's Shareholder Meeting resolution against the Sellers' receivables on account of payment of the remainder of the Price for the Shares. As at the date of publication of this report the Company's Shareholder Meeting resolutions pertaining to conditional increase of the share capital and pertaining to issue of subscription warrants have not been adopted. Pursuant to the draft subscription warrant take-up agreement, the issue price of the Company's shares taken up for the subscription warrants is to amount to PLN 14.37 per share. The Company's Management Board intends to move to the Company's Shareholder Meeting for adopting resolutions in the matter of conditional increase of the Company's share capital through issue of up to 80,027,836 ordinary bearer shares with the issue price of PLN 14.37, in the matter of issue of subscription warrants and exclusion of the pre-emptive right of the existing shareholders in order to perform this Agreement.

Once again, Messrs. Zygmunt Solorz-Żak and Heronim Ruta are the members of the Company's Supervisory Board. TV Polsat and the Company (through Polaris Finance B.V.) are entities controlled by Mr. Zygmunt Solorz-Żak. The sole shareholder of Karswell Limited is Mr. Zygmunt Solorz-Żak, and the sole shareholder of Sensor Overseas Limited is Mr. Heronim Ruta. Polaris Finance B.V. holds 175,025,000 shares of the Company, constituting 65.23% of the share capital and 341,967,501 of votes at the Company's shareholder meeting, constituting 76.38% of the total number of votes.

The Agreement was concluded subject to the following conditions precedent: (i) the Sellers and the Investor perform their obligations arising out of the Agreement, (ii) the obligations pertaining to the stabilization period envisaged in the Agreement are performed, (iii) the Sellers and the Company conclude subscription agreements pertaining to take-up of subscription warrants authorizing the

holders to take up shares in the Company's share capital, (iv) the Company concludes loan agreements for partial financing of the acquisition of the Shares in the total amount no lower than PLN 2,600,000,000 and prior Supervisory Board consent is obtained to establish the collateral envisaged in such agreements, (v) the Sellers receive the TV Polsat Supervisory Board's consent to sell the Shares, (vi) the owners of the Shares do not exercise their priority right to acquire the Shares, (vii) the resolution on increasing the Company's share capital is adopted and registered and the resolution on issuing subscription warrants is adopted.

The Agreement was considered significant as its value exceeds 10% of the revenues for the past 4 financial quarters.

Legal basis: Art. 56 sec. 1 item 2 of the Offering Act in connection with § 5 sec. 1 item 3 of the Finance Minister's Regulation of 19 February 2009 on current and periodic information submitted by securities' issuers and the conditions for recognizing as equivalent the information required by the laws of a state that is not a member state.

Signed by:

/signature/ Dominik Libicki

Dominik Libicki – CEO